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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspects of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Longhui International Holdings Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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## LONGHUI INTERNATIONAL HOLDINGS LIMITED

### 龍輝國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1007)**

## **(1) PROPOSED RENEWAL OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES; (2) PROPOSED RE-ELECTION OF DIRECTORS; (3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME; AND (4) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting (the “AGM”) of Longhui International Holdings Limited to be held at Suite 604, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on 2 June 2021 (Wednesday) at 11:00 a.m. is set out on pages 31 to 36 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting, or any adjournment thereof, should you so wish.

#### **PRECAUTIONARY MEASURES FOR THE AGM**

Due to the on-going COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the AGM:

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- submission of personal information form, which may be used for contact tracing, if required
- no distribution of corporate gift nor provision of refreshment

**Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the AGM venue. All attendees are required to wear surgical face masks at all times at the AGM venue. The Company reminds the Shareholders that they may appoint the chairman of the AGM as their proxy to vote on the relevant resolution(s) at the AGM as an alternative to attending the AGM in person.**

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>APPENDIX I — EXPLANATORY STATEMENT</b> .....	10
<b>APPENDIX II — PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION</b> .....	14
<b>APPENDIX III — SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME</b> .....	20
<b>NOTICE OF ANNUAL GENERAL MEETING</b> .....	31

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional upon fulfillment of the conditions as set out in the paragraph headed “Conditions precedent of the New Share Option Scheme” in the section headed “Letter from the Board” of this circular;
“AGM”	the annual general meeting of the Company to be held at Suite 604, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on 2 June 2021 (Wednesday) at 11:00 a.m. to consider and, if thought fit, to approve the resolutions set out in the AGM Notice;
“AGM Notice”	the notice convening the AGM set out on pages 31 to 36 of this circular;
“Articles of Association” or “Articles”	the articles of association of the Company, and “Article” shall mean an Article of the Articles of Association;
“associate”	has the same meaning as defined in the Listing Rules;
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon;
“close associate”	has the same meaning as defined in the Listing Rules;
“Company”	Longhui International Holdings Limited, an exempted company incorporated in the Cayman Islands on 15 October 2009 with limited liability and the Shares of which are listed on the Stock Exchange;
“connected person”	has the same meaning as defined in the Listing Rules;
“core connected person”	has the same meaning as defined in the Listing Rules;
“Director(s)”	the director(s) of the Company;

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## DEFINITIONS

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“Eligible Participant(s)”	full time or part time employees of the Company (including any directors, whether executive or non-executive and whether independent or not, of the Company); and any consultants or advisers of the Company who, in the sole discretion of the Board, has contributed or may contribute to the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors by the Shareholders at the AGM to exercise all powers of the Company to allot and issue Shares as set out under resolution no. 8 in the AGM Notice;
“Latest Practicable Date”	20 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the share option scheme which is proposed to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix III to this circular;
“Nomination Committee”	the nomination committee of the Company;
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme;
“Offer Date”	the date on which an Offer is made to an Eligible Participant;
“Option(s)”	any option(s) to be granted to Eligible Participant(s) to subscribe for Share(s) under the New Share Option Scheme;
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained herein;

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## DEFINITIONS

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“PRC”	People’s Republic of China, which, for the purpose of this circular and for geographical reference only, excludes Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong (unless otherwise indicated);
“Remuneration Committee”	the remuneration committee of the Company;
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors by the Shareholders at the AGM to exercise all powers of the Company to repurchase Shares as set out under resolution no. 9 in the AGM Notice;
“Scheme Mandate Limit”	has the meaning ascribed to it under paragraph (e) of Appendix III to this circular;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.0004 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong;
“Termination Date”	close of business of the Company on the date which falls ten years after the Adoption Date;
“%”	per cent.

**LONGHUI INTERNATIONAL HOLDINGS LIMITED**

**龍輝國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1007)**

*Executive Directors*

Mr. Hung Shui Chak (*Chairman*)  
Mr. So Kam Chuen  
Mr. Yuan Mingjie

*Independent non-executive Directors*

Mr. Tam Bing Chung Benson  
Mr. Cheung Ting Pong  
Mr. Johnson Wan

*Registered office*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of*

*business in Hong Kong*  
Suite 301, 3/F  
Hale Weal Industrial Building  
22–28 Tai Chung Road  
Tsuen Wan, New Territories  
Hong Kong

23 April 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED RENEWAL OF GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES;  
(2) PROPOSED RE-ELECTION OF DIRECTORS;  
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with details of: (i) the Issue Mandate; (ii) the Repurchase Mandate; (iii) re-election of Directors; (iv) adoption of the New Share Option Scheme; and (v) the AGM Notice.

**PROPOSED RENEWAL OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

As at the Latest Practicable Date, the issued share capital of the Company comprised 637,360,242 Shares.

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## LETTER FROM THE BOARD

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Ordinary resolutions will be proposed at the AGM to give to the Directors a new general and unconditional mandate to exercise the power of the Company:

- (i) to allot, issue and deal with a maximum of 127,472,048 new Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution at the AGM; and
- (ii) to repurchase a maximum of 63,736,024 Shares, representing 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution at the AGM. The Shares which are purchased by the Company shall be automatically cancelled upon repurchase.

In addition, a separate ordinary resolution will also be proposed at the AGM to extend the Issue Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to the Repurchase Mandate (if granted to the Directors at the AGM).

The above mandates, unless revoked or varied by way of ordinary resolutions of the Shareholders in general meeting, will expire at the conclusion of next annual general meeting of the Company.

An explanatory statement containing information regarding the Repurchase Mandate is set out in Appendix I to this circular.

### **RE-ELECTION OF DIRECTORS**

In accordance with article 84 of the Articles of Association, Mr. Hung Shui Chak and Mr. Yuan Mingjie, being executive Directors, shall retire from office by rotation at the AGM. All retiring Directors, being eligible, offer themselves for re-election at the AGM.

In accordance with article 83(3) of the Articles of Association, each of Mr. Cheung Ting Pong and Mr. Johnson Wan, who was appointed as a new Director with effect from 30 June 2020 and 31 August 2020 respectively, shall hold office until the AGM and shall then be eligible for re-election.

Recommendations to the Board for the proposal for re-election of each of Mr. Hung Shui Chak and Mr. Yuan Mingjie as an executive Director and each of Mr. Cheung Ting Pong and Mr. Johnson Wan as an independent non-executive Director were made by the Nomination Committee, after having considered a range of diversity perspectives including but not limited to educational background, professional experience, skills and knowledge, as set out in the board diversity policy of the Company.

The Nomination Committee had assessed and reviewed the written confirmation of independence of each of Mr. Cheung Ting Pong and Mr. Johnson Wan, the independent non-executive Directors who have offered themselves for re-election at the AGM, based on the independence criteria as set out in Rule 3.13 of the Listing Rules and is satisfied that both of them remain independent in accordance with Rule 3.13 of the Listing Rules. In addition, the Nomination Committee had evaluated their performance and is of the view

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## LETTER FROM THE BOARD

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that they have provided valuable contributions to the Company and have demonstrated their abilities to provide independent, balanced and objective view to the Company's affairs.

The Nomination Committee is also of the view that Mr. Cheung Ting Pong and Mr. Johnson Wan would bring to the Board their own perspective, skills and experience, as further described in their respective biographies in Appendix II to this circular.

Based on the board diversity policy adopted by the Company, the Nomination Committee considers that Mr. Cheung Ting Pong and Mr. Johnson Wan can contribute to the diversity of the Board, in particular, with their strong and diversified educational backgrounds and extensive experience in commercial, financial and accounting expertise.

Therefore, the Board, with the recommendation of the Nomination Committee, has nominated Mr. Cheung Ting Pong and Mr. Johnson Wan for re-election as independent non-executive Directors at the AGM.

Particulars of each of Mr. Hung Shui Chak, Mr. Yuan Mingjie, Mr. Cheung Ting Pong and Mr. Johnson Wan are set out in Appendix II to this circular.

### **PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME**

In view of the expiry of the previous share option scheme of the Company, the Board proposes the adoption of the New Share Option Scheme for the approval by the Shareholders at the AGM. The previous share option scheme of the Company was adopted by the Company on 10 October 2010 for a term of 10 years which was expired on 9 October 2020. No share option granted under the previous share option scheme of the Company was outstanding as at the Latest Practicable Date. Upon the expiry of the previous share option scheme of the Company, no further options will be granted thereunder.

#### **The New Share Option Scheme**

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. In determining whether a person has contributed or will contribute to the Group, the Group will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, reputation and image of the Group. A summary of the principal terms of the New Share Option Scheme is set out in the Appendix III to this circular.

At the AGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, which will take effect on 2 June 2021 subject to the Stock Exchange granting approval for the listing of and dealing in the Shares to be issued and allotted pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.



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## LETTER FROM THE BOARD

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Although the rules of the New Share Option Scheme provide that the New Share Option Scheme is not subject to any performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme and does not prescribe any specific minimum period for which an Option must be held before it can be exercised, the Board believes that the ability for the Board to prescribe at its discretion any performance target or a minimum period for which an Option must be held before it can be exercised and the requirement for a minimum exercise price (which is summarised in paragraph (d) in the Appendix III to this circular) of the New Share Option Scheme at the grant of any Option. The Board believes that this will provide the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant and help facilitate the achievement of the purpose of the New Share Option Scheme, which is to provide incentives and rewards to the Eligible Participants for their contribution to the Group. No trustee will be appointed under the New Share Option Scheme.

The Board considers that it is not appropriate to state the value of all Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include the exercise price, exercise period, vesting period (if any), and other relevant factors (if any). The Board believes that any calculation of the value of any Options which might have been granted as at the Latest Practicable Date would be based on a number of speculative assumptions and therefore not only would such calculation not be meaningful or representative, but it could also potentially be misleading to the Shareholders.

The Board considers that Eligible Participants shall include but not limited to consultants and advisers who provided or may provide advices in relation to the business operations, corporate finance, legal, management and marketing of the Group, which in the opinion of the Board, is benefiting or may benefit the Group by establishing long term relationship with these Eligible Participants. By granting Share Options to consultants and advisers of the Group, the Board considers that this would aligned their long term interests with the interests of the Group and hence benefiting the Group in the long term.

None of the Directors is and will be trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee (if any). With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

A copy of the New Share Option Scheme will be available for inspection at the principal place of business of the Company in Hong Kong at Suite 301, 3/F, Hale Weal Industrial Building, 22–28 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong.

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## LETTER FROM THE BOARD

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### Conditions precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

1. the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
2. the passing of an ordinary resolution to approve the adoption of the New Share Option Scheme by the Shareholders at the AGM.

As at the Latest Practicable Date, the issued share capital of the Company was 637,360,242 Shares. The number of Shares that may fall to be allotted and issued upon exercise in full of the Options that may be granted under the New Share Option Scheme after the resolution authorising the Directors to allot and issue up to 10% of the total number of issued shares of the Company has passed at the AGM would be 63,736,024 Shares (assuming there is no change in the number of issued Share between the Latest Practicable Date and the Adoption Date). The limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes must not exceed 30% of the relevant class of securities of the Company in issue from time to time which is equivalent to 191,208,072 Shares assuming there is no change in the number of issued Share between the Latest Practicable Date and the Adoption Date.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

### CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from Friday, 28 May 2021 to Wednesday, 2 June 2021, both days inclusive. During the above period, no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 27 May 2021.

### GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM. The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other

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## LETTER FROM THE BOARD

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than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

### ANNUAL GENERAL MEETING

The notice convening the AGM to be held at Suite 604, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on 2 June 2021 (Wednesday) at 11:00 a.m. is set out on pages 31 to 36 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

You will also find enclosed a form of proxy for use at the AGM. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM, or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, or any adjournment thereof, should you so wish.

### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting of the Company must be taken by poll except any resolution relating purely to a procedural or administrative matter which may be voted on by a show of hands. Accordingly, all the proposed resolutions will be put to vote by way of poll at the AGM. An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### RECOMMENDATION

The Directors consider that the resolutions set out in the AGM Notice including the granting of the Issue Mandate and the Repurchase Mandate, the adoption of the New Share Option Scheme, and the re-election of Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of all resolutions as set out in the AGM Notice.

Your attention is also drawn to the additional information set out in Appendix I, Appendix II and Appendix III to this circular.

Yours faithfully,  
By order of the Board  
**Longhui International Holdings Limited**  
**Hung Shui Chak**  
*Chairman*

*This appendix serves as an explanatory statement, as required by the Stock Exchange to be presented to the Shareholders, concerning the Repurchase Mandate to be proposed at the AGM.*

## **1. LISTING RULES RELATING TO REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listing are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

## **2. FUNDING OF REPURCHASES**

Repurchasing Shares must be made out of the funds legally available for such purpose in accordance with the memorandum and articles of association of the Company and the applicable laws in the Cayman Islands and Hong Kong.

There may be a material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full during the proposed repurchase period as compared with the position disclosed in the latest published audited accounts for the year ended 31 December 2020. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

The number of the Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

## **3. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 637,360,242 Shares.

Subject to the passing of the proposed ordinary resolutions approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company between the Latest Practicable Date and the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 63,736,024 Shares, representing 10% of the aggregate nominal value of Shares of the Company in issue. The above mandate, unless revoked or varied by way of an ordinary resolution of the Shareholders in general meeting, will expire at the conclusion of the next annual general meeting of the Company.

## **4. REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Directors to repurchase Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the

net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

## 5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws in Cayman Islands and Hong Kong and in accordance with the memorandum and articles of association of the Company.

## 6. EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders had interests representing 10% or more of the issued share capital of the Company:

Name	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Mr. Hung Shui Chak (Notes 1 & 2)	Interest in controlled corporation	323,166,624	50.70%	56.34%
Shui Chak Group Limited (Note 2)	Beneficial interest	323,166,624	50.70%	56.34%

Notes:

1. Mr. Hung Shui Chak is an executive Director.
2. Shui Chak Group Limited is beneficially and wholly owned by Mr. Hung Shui Chak. As such, Mr. Hung Shui Chak is deemed to be interested in the 323,166,624 Shares held by Shui Chak Group Limited under the SFO.

The Directors do not intend to exercise the power to repurchase Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under rule 26 or rule 32 of the Takeovers Code.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange from time to time) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which will result in less than the prescribed minimum percentage of Shares in public hands.

#### **7. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS**

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective close associates has any present intention, in the event that the proposed Repurchase Mandate is approved at the AGM by the Shareholders, to sell Shares to the Company or its subsidiaries.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell to the Company or its subsidiaries nor has he/she/it undertaken not to sell to the Company or its subsidiaries any of the Shares held by him/her/it in the event that the Repurchase Mandate is approved.

#### **8. SHARE REPURCHASE MADE BY THE COMPANY**

No repurchase of Shares has been made by the Company in the previous six months immediately preceding the Latest Practicable Date.

**9. SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months up to the Latest Practicable Date were as follows:

	<b>Share prices</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2020</b>		
April	0.209	0.190
May	0.247	0.190
June	0.361	0.190
July	0.247	0.190
August	0.209	0.190
September	0.209	0.190
October	0.209	0.190
November	0.190	0.190
December	0.190	0.190
<b>2021</b>		
January	0.190	0.123
February	0.208	0.140
March	0.168	0.132
April (up to and including the Latest Practicable Date)	0.156	0.122

*The particulars of Directors subject to re-election at the AGM are set out below:*

**Mr. Hung Shui Chak** (“**Mr. Hung**”) (formerly known as Hung Pan), aged 51, was appointed as the chairman of the Board, an executive Director, a member of the Nomination Committee and an authorised representative of the Company in July 2018. He is also a director of various subsidiaries of the Company.

Mr. Hung is primarily responsible for formulating the overall development strategies and business plan of the Group. Mr. Hung has engaged in the investment and operation of trading of raw materials in food and catering and automobile business in Hong Kong prior to 1990. He has vast experiences of investments in various businesses in the PRC and commenced in investments in the PRC. He has now accumulated over 10 years of experience in the management of food and catering industry in the PRC.

Mr. Hung took the overall business development of the Group and continues to oversee the management of the operations and business of the Group. He has guided the operations and business of the Group in adhering to quality and innovation in the operations since he took up the business development of the Group.

Mr. Hung held a controlling interest in Carsone Car Detailing Service Company Limited\* (上海比鄰美車堂汽車美容有限公司) (“**Carsone**”), a company which principally engaged in motor detailing business in the PRC, and Mr. Hung disposed of his interest in Carsone to an independent third party in 2012 and now retains a minority interest of approximately 5.4% in Carsone. Mr. Hung also remains as a director of a holding company of Carsone.

Mr. Hung was ordered bankrupt by High Court of Hong Kong in 2001 as one of the borrowers stemming from an outstanding mortgage due to a bank in 1999. In 2000, the bank applied to the High Court of Hong Kong for a bankruptcy order against Mr. Hung. The bankruptcy order was fully discharged in 2007. The Asia financial crises that began in 1997 and the property prices in Hong Kong crashed in 1998 led to the above legal proceedings against Mr. Hung. Mr. Hung has not further involved in other similar bankruptcy cases subsequent to the above discharge. Subsequent to his discharge of the bankruptcy order, he got acquainted with business partners and later successfully assisted in the disposal of the business partners’ investment and was therefore awarded with certain listed shares and cash.

Mr. Hung was a director and a legal representative of Shanghai Denghui Catering Management Company Limited\* (上海燈輝餐飲管理有限公司), a company incorporated in the PRC with limited liability and was dissolved on a voluntary basis on 30 July 2013 as it ceased to carry on business. It was principally engaged in catering business. As confirmed by Mr. Hung, there was no wrongful act on his part leading to the dissolutions and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolutions.



He was also a director of the following companies, all of which were incorporated with limited liability and were dissolved or wound-up with details set out below.

Company Name	Place of incorporation	Nature of Business before dissolution	Nature of proceeding	Date of dissolution
Homelite Enterprises Limited	Hong Kong	Investment holding	Striking Off	22 September 2017
Honour Smart (Hong Kong) Limited	Hong Kong	Investment holding	Deregistration	2 September 2016
Moral Art Investment Limited	Hong Kong	Investment holding	Deregistration	8 July 2016
Treasure Success Investment Limited	Hong Kong	Investment holding	Members' Voluntary Winding Up	1 September 2012
S.W. Holdings Company Limited	Hong Kong	Trading	Striking Off	22 April 2005
Win West Investment Limited	Hong Kong	Investment holding	Striking Off	11 March 2005
S.W. Trading Company Limited	Hong Kong	Trading	Compulsory Winding Up ( <i>Note 1</i> )	5 September 2004
Action Pro Enterprises Limited	Hong Kong	Trading	Compulsory Winding Up ( <i>Note 2</i> )	22 March 2003
Rich Ease Far East Limited	Hong Kong	Trading	Striking Off	4 March 2005
Shanghai Lian Lian Hotpot Catering Management Company Limited* (上海連連火鍋餐飲管理有限公司)	PRC	Catering business	Deregistration	2 August 2013

As confirmed by Mr. Hung, except S.W. Trading Company Limited and Action Pro Enterprises Limited, each of the above companies was inactive and solvent at the time when dissolved and there was no wrongful act on his part leading to the dissolutions and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolutions.

*Notes:*

1. Because of the Asia financial crisis in around 1997, the business of S. W. Trading Company Limited (“**S.W. Trading**”) was heavily affected. In March 1999, a bank entered into possession of a property owned by S.W. Trading pursuant to a legal charge. Subsequently, another creditor of S.W. Trading made a petition in 1999 to the courts of Hong Kong for the compulsory winding-up of S.W. Trading in order to recover the repayment of unpaid amounts.
2. Because of the Asia financial crisis in around 1997, the business of Action Pro Enterprises Limited (“**Action Pro**”) was heavily affected. In March 1999, a creditor of Action Pro made a petition to the courts of Hong Kong for the compulsory winding-up of Action Pro in order to recover the repayment of unpaid amounts.

None of the above wound-up companies are related to the Group.

In 2011, Mr. Hung and Dragonfair International Limited (“**Dragonfair**”), a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which was held by Mr. Hung, were investigated by the Securities and Futures Commission of Hong Kong and subsequently charged for failure to perform a duty of disclosure within the specific period without reasonable excuse contrary to sections

310(1)(a), 313(1)(b), 316(2)(a), 324, 325(1)(a) and 328(a)(ii) of the SFO, which arose from certain transactions involved the dealing in shares of Kaisun Energy Group Limited (“KEG”) (now known as “Kaisun Holdings Limited”), a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8203). Such dealings happened on 11 December 2009 when Dragonfair disposed of 7,000,000 shares of KEG, and the shareholdings in KEG of Mr. Hung (being the sole shareholder of Dragonfair) and Dragonfair fell to below 5%, hence ceased to have a notifiable interest. However, pursuant to sections 310(1)(a), 313(1)(b), 324 and 325(1)(a) of the SFO, Mr. Hung and Dragonfair came under a duty to disclose to the Stock Exchange and KEG the cessation of his/its notifiable interest as a result of such disposal within the specific period under the SFO, but due to miscommunication with agents who were asked to prepare the disclosure forms for Dragonfair and Mr. Hung, such disclosure of interest notifications were not filed with the Stock Exchange and KEG until 31 August 2010. The summonses were heard at the Eastern Magistracy and Mr. Hung and Dragonfair pleaded guilty to the relevant charges, and each of them was fined HK\$4,000 and ordered to pay legal costs of HK\$6,396, which had been fully settled by Mr. Hung and Dragonfair.

Mr. Hung has entered into a service contract with the Company for an initial term of 3 years and shall continue thereafter until terminated by either party by giving three (3) months’ notice in writing at any time after such initial term to the other. Pursuant to the service contract, Mr. Hung is not entitled to any fixed salary which may be subject to review. He will be entitled to discretionary bonus which may be approved by the Board from time to time.

As at the Latest Practicable Date, Mr. Hung is the sole shareholder and the sole director of Shui Chak Group Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling Shareholder (as defined in the Listing Rules). Mr. Hung is deemed, by virtue of his interest in Shui Chak Group Limited, to be interested in 323,166,624 Shares under the SFO, representing approximately 50.70% of the issued share capital of the Company. Save as disclosed, Mr. Hung does not have any interests in the Shares, underlying Shares and debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Hung has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

**Mr. Yuan Mingjie (“Mr. Yuan”)**, aged 42, was appointed as an executive Director and an authorised representative of the Company in July 2018.

Mr. Yuan is responsible for overseeing the overall financial management and reporting and corporate finance matters of the Group. He has over 15 years of experience in auditing and accounting in various industries. He was the Vice President and Corporate Secretary of CY Oriental Holdings Ltd., a company listed on the Toronto Stock Exchange (stock code: CYO:APH), from 2004 to 2008. He also served as an auditor at PricewaterhouseCoopers

Zhong Tian CPAs Limited Company from 2001 to 2003. Mr. Yuan served as the Executive Vice President & Chief Operating Officer of Carsone from 2012 to 2018. Mr. Yuan was awarded a Bachelor Degree in English Language and Literature from Shanghai International Studies University (上海外國語大學) in 2001 and a Master Degree in Business Administration from Shanghai Jiao Tong University (上海交通大學) in 2012.

Mr. Yuan was a director or a supervisor of the following companies, all of which were incorporated with limited liability and were dissolved or wound-up with details set out below.

Company name	Place of incorporation	Position of Mr. Yuan before dissolution	Nature of business before dissolution	Nature of proceeding	Date of dissolution
Jinan Bilin Carsone Car Services Company Limited* (濟南比鄰美車堂汽車服務有限公司)	PRC	Supervisor	Car services	Deregistration	27 August 2015
Zhenjiang Bilin Car Services Company Limited* (鎮江比鄰汽車服務有限公司)	PRC	Director	Car services	Deregistration	2 June 2015
Yichang Bilin Carsone Car Services Company Limited* (宜昌比鄰美車堂汽車美容有限公司)	PRC	Director	Car services	Deregistration	14 November 2014
Grand Capital Partners, Financial Services Limited	Hong Kong	Director	Financial consultancy services	Deregistration	24 May 2013
Xiangyuan Clothing (Tengzhou) Company Limited* (祥源製衣(滕州)有限公司)	PRC	Director	Sale of clothing	Revocation	9 February 2009

As confirmed by Mr. Yuan, each of the above companies were inactive and solvent at the time when dissolved and there was no wrongful act on his part leading to the dissolution and he is not aware of any actual or potential claim that has been or will be made against him as a result of such dissolution.

Mr. Yuan has entered into a service contract with the Company for an initial term of 3 years and shall continue thereafter until terminated by either party by giving three (3) months' notice in writing at any time after such initial term to the other. The remuneration payable by the Company to Mr. Yuan is HK\$360,000 per annum, which is determined by

the Board with reference to the prevailing market conditions, his duties and responsibilities with the Company. Mr. Yuan will also be entitled to discretionary bonus which may be approved by the Board from time to time.

As at the Latest Practicable Date, Mr. Yuan does not have any interests in the Shares, underlying Shares and debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Yuan has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

**Mr. Cheung Ting Pong (“Mr. Cheung”)**, aged 41, was appointed as an independent non-executive Director in June 2020. He is the chairman of each of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee.

Mr. Cheung has over 15 years of experience in financial operations. He obtained a bachelor’s degree in business administration (accountancy) from the City University of Hong Kong and a master’s degree in business administration from the University of Manchester in the United Kingdom. He has been a fellow member of the Institute of Chartered Accountants in England and Wales, and a fellow member of Hong Kong Institute of Certified Public Accountants.

Mr. Cheung is currently an independent non-executive director of Hope Life International Holdings Limited (stock code: 1683). He also served as the company secretary of Munsun Capital Group Limited (now known as Bay Area Gold Group Limited, stock code: 1194), an executive director and a non-executive director of Sanbase Corporation Limited (stock code: 8501), and an executive director, chief financial officer and company secretary of Modern Dental Group Limited (stock code: 3600). The issued shares of these companies are listed on the Stock Exchange.

Mr. Cheung has entered into an appointment letter with the Company for an initial term of 3 years which may be terminated by either party by giving three (3) months’ notice in writing at any time after such initial term to the other. The remuneration payable by the Company to Mr. Cheung is HK\$200,000 per annum, which was determined by the Board with reference to the prevailing market conditions, his duties and responsibilities with the Company. Mr. Cheung will also be entitled to discretionary bonus which may be approved by the Board from time to time.

As at the Latest Practicable Date, Mr. Cheung does not have any interests in the Shares, underlying Shares and debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Cheung has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

**Mr. Johnson Wan** (“**Mr. Wan**”), aged 41, was appointed as an independent non-executive Director in August 2020. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Wan obtained a bachelor’s degree in computer science and mathematics (finance) from University of Toronto in 2002, a master’s degree in statistics from University of Michigan in 2004 and a master’s degree in business administration from London Business School in 2008. He has more than 15 years of professional experience as an investment manager for Brilliance Capital Management, a director for Deutsche Bank managing its Asia Energy and Commodities research teams and a senior human resources consultant for Aon Hewitt.

Mr. Wan is an independent non-executive director of each of New Provenance Everlasting Holdings Limited (stock code: 2326) and Kunming Dianchi Water Treatment Co., Ltd. (Stock Code: 3768). The issued shares of these two companies are listed on the Stock Exchange. He will resign as an independent non-executive director of New Provenance Everlasting Holdings Limited with effect from 1 September 2021.

Mr. Wan has entered into an appointment letter with the Company for an initial term of 3 years which may be terminated by either party by giving three (3) months’ notice in writing at any time after such initial term to the other. The remuneration payable by the Company to Mr. Wan is HK\$200,000 per annum, which was determined by the Board with reference to the prevailing market conditions, his duties and responsibilities with the Company. Mr. Wan will also be entitled to discretionary bonus which may be approved by the Board from time to time.

As at the Latest Practicable Date, Mr. Wan does not have any interests in the Shares, underlying Shares and debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Wan has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no other matter concerning the aforesaid Directors or their re-election that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or need to be brought to the attention of the Shareholders.

\* *For identification purposes only*

*The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:*

**(a) Purpose of the New Share Option Scheme**

The purpose of the New Share Option Scheme is enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

**(b) Administration of the New Share Option Scheme**

The New Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein and in the absence of manifest error) shall be final and binding on all persons who may be affected thereby.

**(c) Grant and acceptance of Options**

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of the New Share Option Scheme.

A nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An offer of the grant of an Option shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within twenty-one (21) days from the Offer Date (or such shorter period referred to in the paragraph above).

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a



remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within twenty-one (21) days from the Offer Date (or such shorter period referred to in the paragraph above).

**(d) Exercise of Options and price of Shares**

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within thirty (30) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided herein or under the relevant laws or the memorandum of association of the Company and the Articles in effect from time to time. The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of the Company for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

The subscription price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

- (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive Business Days immediately preceding the Offer Date; and
- (iii) the nominal value of the Share on the Offer Date.

Where a relevant Option is to be granted under paragraph (f), for the purposes of the above (i) and (ii) above, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such relevant Option, and the provisions as set above shall apply *mutatis mutandis*.

**(e) Maximum number of Shares available for issue**

- (i) Subject to the Listing Rules, the limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.
- (ii) Subject to the limit mentioned in (e)(i) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of total number of Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to the limit mentioned in (e)(i) above, the Company may seek approval by the Shareholders in general meeting to refresh the Scheme Mandate Limit under the New Share Option Scheme, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the total number of Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company in force (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules.
- (iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules.



If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under all of the schemes of the Company under the Scheme Mandate Limit as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

**(f) Grant of Options to connected persons or any of their associates**

Any grant of Options to any connected person of the Company (as defined under the Listing Rules), or any of its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of an Option). Where Options are proposed to be granted to a connected person who is also a substantial Shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any twelve (12) month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting.

A circular must be prepared by the Company explaining the proposed grant, containing, among other matters, (i) the number and terms of the Options to be granted, (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) to the independent shareholders as to voting, (iii) information as may be required by the Stock Exchange from time to time.

Shareholders' approval is also required for any change in the terms of Options granted to an Eligible Participant who is a substantial Shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director, or any of his associates.

**(g) Maximum entitlement of each participant**

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1 per cent. of the Shares in issue. Where any further grant of Options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in

issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and Options previously granted to such Eligible Participant), and such information as may be required by the Stock Exchange from time to time. The number and terms (including the subscription price) of Options to be granted to such participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

**(h) Time of exercise of Options**

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years (the "Option Period") from the date of the grant of the particular Option but subject to the provisions for early termination but subject to the early termination of the New Share Option Scheme.

There is no specified minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

**(i) Restrictions on the time of grant of Options**

Grant of Options may not be made:

- (1) after inside information (as defined in the Listing Rules) has come to the knowledge of the Company until it has been announced by the Company pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and
- (2) during the period commencing from one (1) month immediately preceding the earlier of:
  - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange under with the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

**(j) Rights are personal to grantees**

An Option shall be personal to the grantee and shall not be assignable or transferrable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any Option or part thereof granted to such grantee to the extent not already exercised without incurring any liability on the part of the Company.

**(k) Rights on cessation of employment by dismissal**

If the grantee of an Option is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group into disrepute) or any other ground(s) on which the Group would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

**(l) Rights on death**

If the grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of twelve (12) months following the date of death (or such longer period as the Board may determine), failing which it will lapse. If any of the events referred to in paragraphs (p) to (r) below occurs during such period, his or her personal representative(s) may exercise the Option pursuant to paragraphs (p) to (r) respectively.

**(m) Rights on cessation of employment by reason of ill-health or retirement**

If the grantee of an Option is an employee and ceases to be an employee by reason of ill-health or retirement in accordance with his or her contract of employment, he or she may exercise the Option (to the extent not already exercised) within a period of twelve (12) months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the grantee is actually at work with the Group whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs (p) to (r) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (p) to (r) respectively.

**(n) Rights on cessation for other reasons**

If the grantee of an Option ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (l) and (m) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

**(o) Rights on breach of contract**

If the grantee of an Option who is a consultant or adviser of the Group ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the Group, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

**(p) Rights on a general offer**

In the event of a general or partial offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

**(q) Rights on winding up**

In the event a notice is given by the Company to its members to convene an extraordinary general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed general meeting)) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

**(r) Rights on reconstruction, compromise or arrangement**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company to summon a meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the grantee credited as fully paid.

**(s) Cancellation of Options**

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant grantee and the prior approval of the Directors. Where the Company cancels Options and issues new ones to the same holder of the Option, the issue of such new Options may only be made under the New Share Option Scheme with available unissued options (excluding the cancelled Options) within the Scheme Mandate Limit. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

**(t) Effect of alterations to share capital**

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserved, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to the New Share Option Scheme or any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issue at

less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

**(u) Ranking of Shares**

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is duly exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

**(v) Duration of the New Share Option Scheme**

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

**(w) Alterations to the terms of the New Share Option Scheme**

- (i) The provisions relating to the matters set out in paragraphs (a), (c) to (h) and (j) to (z) in this Appendix III and the definition of “Eligible Participant” cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.
- (v) The Company must provide to all grantees all details relating to changes in the terms of the New Share Option Scheme during the life of the New Share Option Scheme immediately upon such changes taking effect.

**(x) Conditions of the New Share Option Scheme**

The New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (b) the passing of ordinary resolutions to approve the adoption of the New Share Option Scheme.

**(y) Lapse of Options**

An Option shall automatically lapse (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (r);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option; and
- (iv) the date of the commencement of the winding-up of the Company.

**(z) Termination**

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme must be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

**(aa) Miscellaneous**

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.



The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (t) above shall be referred to the decision of the Company's auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.



**LONGHUI INTERNATIONAL HOLDINGS LIMITED**

**龍輝國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1007)**

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “AGM”) of Longhui International Holdings Limited (the “Company”) will be held at Suite 604, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong on 2 June 2021 (Wednesday) at 11:00 a.m. for the following purposes:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors of the Company (the “**Director(s)**”) and the auditors of the Company (the “**Auditors**”) for the year ended 31 December 2020;
2. To re-elect Mr. Hung Shui Chak as an executive Director;
3. To re-elect Mr. Yuan Mingjie as an executive Director;
4. To re-elect Mr. Cheung Ting Pong as an independent non-executive Director;
5. To re-elect Mr. Johnson Wan as an independent non-executive Director;
6. To authorise the board of Directors to fix the Directors’ remuneration;
7. To re-appoint HLB Hodgson Impey Cheng Limited as the Auditors and authorise the board of Directors to fix its remuneration.

**SPECIAL BUSINESS**

As special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions which will be proposed as ordinary resolutions of the Company:

8. “**THAT:**
  - (A) subject to paragraph (C) of this resolution below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company (the “**Shares**”) and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (B) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to a (i) Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under the existing share option scheme of the Company; or (iii) an issue of Shares upon the exercise of subscription or conversion rights attached to the warrants which might be issued by the Company; or (iv) an issue of Shares in lieu of the whole or part of a dividend on Shares or any scrip dividend scheme or similar arrangement in accordance with the articles of association of the Company, shall not exceed the aggregate of 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution; and
- (D) for the purposes of this resolution: “**Relevant Period**” means the period from the time of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law of the Cayman Islands to be held; or
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirement of, or the expense or delay which may be involved in determining the existence or the extent of any restrictions or obligations under the laws of, or the requirements of, any relevant jurisdiction, or any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

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## NOTICE OF ANNUAL GENERAL MEETING

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9. “**THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “**SFC**”) and the Stock Exchange for this purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange and the applicable law of the Cayman Islands and all other applicable laws in this regard, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to purchase its Shares at a price determined by the Directors;
- (C) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution; and
- (D) for the purposes of this resolution: “**Relevant Period**” means the period from the time of the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law of the Cayman Islands to be held; or
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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10. “**THAT** conditional upon the passing of ordinary resolutions nos. 8 and 9 as set out in the notice convening the annual general meeting of the Company, the general mandate granted to the Directors to issue, allot and deal with any additional Shares pursuant to the said ordinary resolution no. 8 be and is hereby extended by the addition thereto of the total nominal amount of the Shares which may be purchased by the Company pursuant to and in accordance with the said ordinary resolution no. 9, provided that such amount of Shares so purchased by the Company shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”
11. “**THAT**:
- (A) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Shares in the capital of the Company falling to be allotted and issued pursuant to the exercise of any options granted pursuant to the share option scheme of the Company (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to approve further amendments to the rules of the New Share Option Scheme as may be acceptable or not objected by the Stock Exchange and to grant options and to allot, issue and deal with any Shares pursuant to the exercise of any options granted thereunder and to take all such steps as they may consider necessary or expedient to give effect to the New Share Option Scheme; and
- (B) the aggregate nominal amount of share capital to be allotted and issued pursuant to resolution numbered 11(A) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10% of the total number of issued Shares as at the date of passing of this resolution (the “**Scheme Mandate Limit**”).”

By order of the Board  
**Longhui International Holdings Limited**  
**Hung Shui Chak**  
*Chairman*

Hong Kong, 23 April 2021

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## NOTICE OF ANNUAL GENERAL MEETING

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*Executive Directors*

Mr. Hung Shui Chak (*Chairman*)  
Mr. So Kam Chuen  
Mr. Yuan Mingjie

*Independent non-executive Directors*

Mr. Tam Bing Chung Benson  
Mr. Cheung Ting Pong  
Mr. Johnson Wan

*Registered office*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong*

Suite 301, 3/F  
Hale Weal Industrial Building  
22–28 Tai Chung Road  
Tsuen Wan, New Territories  
Hong Kong

**Notes:**

1. Any member of the Company entitled to attend and vote at the meeting convened shall be entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the above meeting of the Company. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he/she/they represent as such member could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
3. The register of members of the Company will be closed from 28 May 2021 (Friday) to 2 June 2021 (Wednesday) (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for attending the AGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare

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## NOTICE OF ANNUAL GENERAL MEETING

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Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 27 May 2021 (Thursday).

4. The instrument appointing a proxy and (if required by the board of Directors) the power of attorney or other authority (if any), under which it is signed or a certified copy of such power or authority shall be delivered to the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the above meeting or any adjourned meeting at which the person named in the instrument proposes to vote.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened.
6. Where there are joint holders of any Share, any one of such joint holder may vote either in person or by proxy in respect of such Share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the meeting convened, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.